

combined foreign death taxes is limited to the amount of Federal estate tax attributable to the property, determined in accordance with the rules prescribed for computing the “second limitation” under section 2014. In this case, the “second limitation” under section 2014 on the taxes attributable to the Country X bonds is \$11,437 (see computation set forth in (2)(i)(d) of this example). The amount of credit under the convention for taxes attributable to Country X bonds is  $\$11,250 - (\$75,000 \div \$125,000 \times \$18,750)$ . Inasmuch as the “second limitation” under section 2014 in respect of the Country X bonds (\$11,437) exceeds the amount of the credit allowed under the convention in respect of the Country X bonds (\$11,250) by \$187, the additional credit allowable under section 2014 for the death taxes paid to Province Y not directly or indirectly creditable under the convention is limited to \$187.

(c) *Taxes imposed by two foreign countries with respect to the same property.* It is stated as a general rule in paragraph (a)(2) of § 20.2014-1 that if credits against the Federal estate tax are allowable under section 2014, or under section 2014 and one or more death tax conventions, for death taxes paid to more than one country, the credits are combined and the aggregate amount is credited against the Federal estate tax. This rule may result in credit being allowed for taxes imposed by two different countries upon the same item of property. If such is the case, the total amount of the credits with respect to such property is limited to the amount of the Federal estate tax attributable to the property, determined in accordance with the rules prescribed for computing the “second limitation” set forth in § 20.2014-3. The application of this section may be illustrated by the following example:

*Example.* The decedent, a citizen of the United States and a domiciliary of Country X at the time of his death on May 1, 1967, left a taxable estate which included bonds issued by Country Z and physically located in Country X. Each of the three countries involved imposed death taxes on the Country Z bonds. Assume that under the provisions of a treaty between the United States and Country X the estate is entitled to a credit against the Federal estate tax for death taxes imposed by Country X on the bonds in the maximum amount of \$20,000. Assume, also, that since the decedent died after November 13, 1966, so that under the situs rules referred to in paragraph (a)(3) of § 20.2014-1 the bonds are deemed to have their situs in Country Z, the estate is entitled to a credit

against the Federal estate tax for death taxes imposed by Country Z on the bonds in the maximum amount of \$10,000. Finally, assume that the Federal estate tax attributable to the bonds is \$25,000. Under these circumstances, the credit allowed the estate with respect to the bonds would be limited to \$25,000.

[T.D. 6296, 23 FR 4529, June 24, 1958, as amended by T.D. 6742, 29 FR 7928, June 23, 1964; T.D. 7296, 38 FR 34193, Dec. 12, 1973]

#### § 20.2014-5 Proof of credit.

(a) If the foreign death tax has not been determined and paid by the time the Federal estate tax return required by section 6018 is filed, credit may be claimed on the return in an estimated amount. However, before credit for the foreign death tax is finally allowed, satisfactory evidence, such as a statement by an authorized official of each country, possession or political subdivision thereof imposing the tax, must be submitted on Form 706CE certifying:

- (1) The full amount of the tax (exclusive of any interest or penalties), as computed before allowance of any credit, remission, or relief;
- (2) The amount of any credit, allowance, remission, or relief, and other pertinent information, including the nature of the allowance and a description of the property to which it pertains;
- (3) The net foreign death tax payable after any such allowance;
- (4) The date on which the death tax was paid, or if not all paid at one time, the date and amount of each partial payment; and
- (5) A list of the property situated in the foreign country and subjected to its tax, showing a description and the value of the property.

Satisfactory evidence must also be submitted showing that no refund of the death tax is pending and none is authorized or, if any refund is pending or has been authorized, its amount and other pertinent information. See also section 2016 and § 20.2016-1 for requirements if foreign death taxes claimed as a credit are subsequently recovered.

(b) The following information must also be submitted whenever applicable:

- (1) If any of the property subjected to the foreign death tax was situated outside of the country imposing the tax,

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the description of each item of such property and its value.

(2) If more than one inheritance or succession is involved with respect to which credit is claimed, or if the foreign country, possession or political subdivision thereof imposes more than one kind of death tax, or if both the foreign country and a possession or political subdivision thereof each imposes a death tax, a separate computation with respect to each inheritance or succession tax.

(c) In addition to the information required under paragraphs (a) and (b) of this section, the district director may require the submission of any further proof deemed necessary to establish the right to the credit.

## § 20.2014-6 Period of limitations on credit.

The credit for foreign death taxes under section 2014 is limited to those taxes which were actually paid and for which a credit was claimed within four years after the filing of the estate tax return for the decedent's estate. If, however, a petition has been filed with the Tax Court of the United States for the redetermination of a deficiency within the time prescribed in section 6213(a), the credit is limited to those taxes which were actually paid and for which a credit was claimed within four years after the filing of the return, or before the expiration of 60 days after the decision of the Tax Court becomes final, whichever period is the last to expire. Similarly, if an extension of time has been granted under section 6161 for payment of the tax shown on the return, or of a deficiency, the credit is limited to those taxes which were actually paid and for which a credit was claimed within four years after the filing of the return, or before the date of the expiration of the period of the extension, whichever period is the last to expire. See section 2015 for the applicable period of limitations for credit for foreign death taxes on reversionary or remainder interests if an election is made under section 6163(a) to postpone payment of the estate tax attributable to reversionary or remainder interests. If a claim for refund based on the credit for foreign death taxes is filed within the applicable period described in this

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section, a refund may be made despite the general limitation provisions of sections 6511 and 6512. Any refund based on the credit for foreign death taxes shall be made without interest.

## § 20.2014-7 Limitation on credit if a deduction for foreign death taxes is allowed under section 2053(d).

If a deduction is allowed under section 2053(d) for foreign death taxes paid with respect to a charitable gift, the credit for foreign death taxes is subject to special limitations. In such a case the property described in subparagraphs (A), (B), and (C) of paragraphs (1) and (2) of section 2014(b) shall not include any property with respect to which a deduction is allowed under section 2053(d). The application of this section may be illustrated by the following example:

*Example.* The decedent, a citizen of the United States, died July 1, 1955, leaving a gross estate of \$1,200,000 consisting of: Shares of stock issued by United States corporations, valued at \$600,000; bonds issued by the United States Government physically located in the United States, valued at \$300,000; and shares of stock issued by a Country X corporation, valued at \$300,000. Expenses, indebtedness, etc., amounted to \$40,000. The decedent made specific bequests of \$400,000 of the United States corporation stock to a niece and \$100,000 of the Country X corporation stock to a nephew. The residue of his estate was left to charity. There is no death tax convention in existence between the United States and Country X. The Country X tax imposed was at a 50-percent rate on all beneficiaries. A State inheritance tax of \$20,000 was imposed on the niece and nephew. The decedent did not provide in his will for the payment of the death taxes, and under local law the Federal estate tax is payable from the general estate, the same as administration expenses.

DISTRIBUTION OF THE ESTATE		
Gross estate .....		\$1,200,000.00
Debts and charges .....	\$40,000.00	
Bequest of U.S. corporation stock to niece .....	400,000.00	
Bequest of country X corporation stock to nephew .....	100,000.00	
Net Federal estate tax .....	136,917.88	
		676,917.88
Residue before country X tax .....		523,082.12
Country X succession tax on charity .....		100,000.00
Charitable deduction .....		423,082.12
TAXABLE ESTATE AND FEDERAL ESTATE TAX		
Gross estate .....		1,200,000.00
Debts and charges .....	40,000.00	